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Degree of Master of International Studies  
(International Area Studies)

The impact of migrants in attracting  
Foreign Direct Investment in home country:

A cross-examination of Cameroon in central Africa  
Economic and Monetary Community (CEMAC)

August, 2019

Graduate School of International Studies  
Seoul National University

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# The impact of migrants in attracting Foreign Direct Investment in home country:

A cross—examination of Cameroon in central Africa  
Economic and Monetary Community (CEMAC)

By

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2017—21980

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Submitted in partial fulfillment of the requirements

for the degree of Master of

International Area Studies

Seoul National University (SNU)

Graduate School of International Studies (GSIS)

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August 2019

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A cross-examination of Cameroon in the Central Africa  
Economic and Monetary Community (CEMAC)

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Submitting a master's thesis of Area Studies

August 2019

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International Area Studies Major

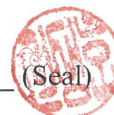
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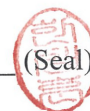
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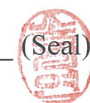
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## **Abstract**

The reduction of transportation cost and the easy access to information have increased the propensity of people to move from one place to another thus amplifying the global international migration trend, generally from developing to developed countries. Africa appears among the main providers of migrants as its community is one of the most mobile in the world. Running away from economic, political, climatic and security struggles, they mainly migrate to Europe thanks to its economic prosperity and political stability.

For many decades migration has been assimilated to brain drain by many researchers presenting the phenomenon as harmful for the socioeconomic stability of sending countries. But this pessimistic view has given the way to a more optimistic consideration that gives credit to migrants and migration as contributors to the development of sending country. Their financial contributions, for instance remittances and Foreign Direct Investments, play a key role in solving liquidity scarcity that hampers the economic growth and the industrial transformation of home country.

As far as FDI is concerned, many scholars have concluded on a positive correlation between migration and FDI arguing that migrants and precisely tertiary migrant do influence positively attraction of Foreign Direct Investment in Sending country. Though pertinent, these studies, mostly directed towards Asian countries, omitted to include African countries and precisely sub-Saharan countries.

The aim of this work is to fill this vacuum using comparative qualitative methodology to assess the situation in Cameroon among countries of the CEMAC sub-region. From the analysis of the collected data, it appears that Cameroon in the sub Region is the main provider of migrants, suggesting therefore that it would be the first recipient of FDI among its peers of the economic community. But the results obtained from the quantitative observation proved otherwise, implying thus the use of another method, namely regression analysis, to understand the distribution of FDI in CEMAC and consequently the main drivers of FDI in the sub-Region.

It emerged finally that, unlike in other regions of the globe like Asia; migrant stock is not a driver of FDI as investors in the regional are interested by natural resources.

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## **List of abbreviations**

UNCTAD: United Nations conference on Trade and development

FDI: Foreign Direct Investment

UN: United Nations

GDP: Gross Domestic product

UNDESA: United Nations Department of Economic and Social Affairs

OECD: Organization for Economic Cooperation and development

CEMAC: Central African Economic and Monetary Community

GAB: Gabon

CMR: Cameroon

MNE: Multinational Enterprise

IOM: International Organization for Migration

UNESCO: United Nations Educational, Scientific and Cultural Organization

CAF: Central Africa republic

TCD: Chad

COG: Congo

GNQ: Equatorial Guinea

## **Chapter 1. INTRODUCTION**

### **1.1 Background of the study**

Globalization has eased the movement of people across international borders thanks to the decline of transportation cost, advancement of technology and access to information. This resulted in a significant increase of migration flows that jumped from 75 to 200 million, between 1960 and 2005, according to UN estimates. This population movement is accompanied by cultural, scientific (brain drain and brain gain) and financial exchanges led by migrants who are now, more than in the past, capable of influencing the political, security, social and economic aspects of both sending and receiving countries. Migration is not a standalone phenomenon, it can therefore be intertwined to other notions for instance Foreign Direct Investment (FDI). The latter like the former is also on the rise. It has shown an upward trend that, according to UNCTAD, exploded from \$US 225 billion to \$US 1979 billion between 1990 and 2007. Several studies aiming at questioning the contribution of migration to development have examined the relationship that may exist between these two concepts leaning on experiences of some developing countries.

In fact, nowadays, developing countries pay special attention to Foreign Direct Investment as a solution to liquidity shortage and thus poverty reduction. China's and India's rapid economic growth is said to have been partly possible thanks to the abundant FDI inflows prancing both countries at the top of the ranking of FDI receivers. The respective migrant networks of these countries contributed significantly in fuelling FDI back home (Ye 2014). Emulating this example, African countries are more and more interested in this mod of funding. While developing strategies to attract FDI and support local growth, African leaders are dreaming of seeing their emigrants, more and more numerous and representing one of the most mobile community in the world, influence the decision of foreign investors as was the case of the Chinese and Indian Diaspora.

This juxtaposition of migrations with the attraction of foreign investments held by multinational companies strongly reveals the paradigm shift of this concept, which has long been covered with an obscure and negative veil. In this respect, Antonio Guterres, acknowledged that migration is a positive global phenomenon that empowers economic growth, reduces disparity and inequalities and connects various societies (UN-SG 2017).

The discourse of the 9<sup>th</sup> United Nations Secretary General follows the radical shift from pessimistic to optimistic views on the issue of migration (H. D. Haas 2010). In addition the holding of the high-level dialogue meeting on migration in 2013, the integration of the International Organization for Migration (IOM) as a UN body and other actions bear witness to the trajectory, importance and concern attached to this phenomenon.

For instance Europe is more preoccupied, since the outbreak of the war in Syria, Yemen and the fall of Khadafy in Libya, by the overflowing of migrants in its territory, though a certain opinion sees it as a possible response to the aging society. In Asia the movement of Rhoyingas in south-East Asia is also of great concern as well as the settlement of Yemenis in Korea. In the US the change of regime at the helm of the state has also affected the migration policy which seems to be hostile to immigrants. Africa is preoccupied by brain drain of its intellectual elite and its development resulting from returns. Cameroon is also challenged by this issue as its Diaspora constitutes one of the top intellectual elite of some western countries.

## **1.2 Statement of the problem**

Cameroonian Government spends considerable sums in the exercise of its sovereign missions for the well-being of the populations. In the field of education and health, to name but a few, in 2009, the country invested 3.1 and 4.8% of GDP. And as it is the case for all investment, returns are expected through tax payment for example. For Cameroonians of the Diaspora the issue is a little difficult for they are under new legislation and contribute directly into the economy of host country as the tax burden they are responsible for is for the benefit of the host State. Remittances that appear to be a substitute are meanwhile in priority targeting a narrow group of people (families) and not the nation as a whole. However, if it cannot inject capital directly into the economy, the Cameroonian Diaspora could indirectly contribute by serving as a link between investors from the host country and their country of origin.

In effect according to 2017 UNDESA report, 333.3 thousand Cameroonians were foreign residents around the world. Following the logic of the push-pull theory that suggests that people will migrate from low income to high areas or from densely populated to sparsely populated areas, Cameroonian migrants have a particular interest for developed countries, specifically those of OECD category.

This community could be drivers of economic growth capable of helping the country revamp its industrial private sector by so doing catching-up with the delay by channeling FDI in home country (Javorcik, Özde, et al. 2011). In effect Cameroon recorded an average FDI value of 1.13% to GDP from 1977 to 2016 with 4.34% as maximum in 2002 against an average of 2.54% to GDP in Nigeria with a maximum of 10.8% obtained in 1994. It is believed that tertiary migrants could be more productive in driving FDI back home and with respect to this Cameroon could therefore make use of its intellectual Diaspora regarding its leading position in sub-Saharan tertiary migrant provider. Therefore it is importance to scrutinize whether FDI present in Cameroon was influenced or driven by Cameroonian migrant network.

### **1.3 Objective of the study**

The core objective of this study is to examine the contribution of migration in fuelling FDI for the development of Cameroon on its way to achieving its vision of emergence by 2035. Moreover this study intends to determine whether Cameroon among CEMAC countries is the prime destination of FDI and find out the reasons of FDI inflows in Cameroon and the region.

### **1.4 Research question**

In the course of our work we will attempt to provide answers to the questions below:

Is there any causal relationship between the presence of Cameroonian migrants abroad and the inflows of FDI into Cameroon?

What are the drivers of FDI in Cameroon and CEMAC as a whole?

How could Cameroon maximize on the presence of its Diaspora abroad?

### **1.5 Hypothesis**

At the end of this study we expect to achieve some result. We can thus conjecture that:

H1: In Cameroonian context, there is a positive correlation between migration and Foreign Direct Investment.

H2: Cameroonian migrants influence the inflow of FDI in the country.

H3: Cameroon migrant have strong network with home country.

## **1.6 Significance of the study**

The relevance of the significance of the present study could take its roots from previous studies that have touched this topic but focusing mainly on developing countries of the East. Moreover, studies that were carried on sub-Saharan Africa and precisely on CEMAC sub-Region were either presenting the economic effects of FDI on countries' economies or analyzing human capital migration as fuelling the performance of MNEs. The studies targeting Cameroon are related in a general scope to the contribution of migrants to the development of the country. Meanwhile no study has been carried out on the relationship between Cameroonian migrations and attraction of FDI in the country.

The choice of Cameroon in this study is also related to its economic power and demographic depth in the sub-Region. The country could be a driving force in the region borrowing the flying geese paradigm implemented in South East Asia that links the development of east Asia to the leading role that Japan played as the locomotive of development and behind which least developed countries of the region lined up to benefit from its expertise. It is therefore an opportunity for this study to close this gap and provide insightful answer to this issue.

## **1.7 Organization of the study**

The present work consists of 6 chapters distributed as follows:

Chapter one is the general introduction. It provides a general view of the topic shading some light on the background and the motivation of the topic, stating the objectives, the research questions and posing a preliminary hypothesis. Finally it provides the contradictory debate existing on the topic based on previous studies in the literature review.

Chapter two explores previous studies carried out in this field with a unanimous posit that there is a positive correlation between migrants and FDI. Also, key terms that lay the foundation of the study are defined in this chapter.

Chapter three gives an exposure to the issue and trend of migration in the Cameroonian context in comparison to other CEMAC countries. Here we will try to demonstrate that in terms of migrants and precisely tertiary migrants Cameroon is the main provider. We also present the motives behind migration, the choice of destination and types of migrants.

Chapter four will focus on presenting the share of Cameroon FDI compare to other CEMAC countries and how migration affects FDI, the intention being to compare whether the share of Cameroonians migrants in the region matches

with the share of FDI it receives compared to the others countries of the sub Region.

Chapter five, on the one hand, will present the methodology utilize for instance quantitative observation and regression analysis. It also precise the data sources and analyze them. On the other hand, it will focus on the results and interpretation of the analysis, findings and presents the regression tables.

Chapter six will conclude the work by looking whether the research question has been answered or the hypothesis holds true. In addition it will provide policy recommendations.

## Chapter 2. Literature review

Before attempting to look into previous studies (2) related to the subject matter, it is important to bring an explanation of various important key terms that will be recurrent (1).

### 2.1 Explanation of key terms

#### - Migration

One of the definitions of migration provided by Cambridge dictionary is the “process of a person or people travelling to a new place or country, usually in order to find work and live there temporarily or permanently”. This definition that takes into account the space and time factor is close to the geographer’s approach of definition of migration and therefore suggests that the concept of migration can be perceived in an economic perspective as well as sociologic perspective and further politic. This portrays the complexity of the concept. Some scholars attempted to define the concept under either the prism of social transition of people from one society to another (Eisenstadt 1953), or temporal duration for a long or short period of time (Weinberg 1961). The United Nations systematized the definition of international migration in its 1998 recommendations as the movement of people across international borders aiming at changing the usual place of residence from a given sending country to receiving one for a minimum period of time. Another factor taken into consideration in defining international migration is the purpose of the displacement as some scholars qualify the movement if its purpose is for working or living (Huzdik 2014). But this purpose should not elude the other levels taken into consideration when defining the concept of migration: micro, macro and meso levels (Hammar, et al. 1997)

#### - International migrant

There is no agreed definition of migrants. Nevertheless some renowned international organizations have provided it with “official” definition. The Council of Europe defines a migrant as *“any person who lives temporarily or permanently in a country where he or she was not born, and has acquired some significant social ties to this country.”* This definition is along the same line as that used by the United Nations for which a migrant is any person living outside his country of origin for a minimum period of one year. International Organization for Migration goes further in its definition qualifying as migrant any “person who is moving or has moved across an international border away from his/her habitual place of residence, regardless of the person’s legal status;

whether the movement is voluntary or involuntary; what the causes for the movement are; or what the length of the stay is.

- Tertiary migrants

Tertiary migrant is a category of migrant whose purpose of migrating is to pursue studies. It has increase thanks to globalization. The trend is not now only at the economy of knowledge confined in attracting brains in order to fuel the job sector. The tendency is also in ameliorating the offer of higher institutes of learning to attract university students all over the world. The development of the economy of knowledge is nowadays both a tool for governments' soft power policy to brand their countries and culture in the world. In this regard many countries in the form of bilateral aid award scholarships to citizens of partner countries. On the other hand some countries see in this new setting a way of curbing the phenomenon of aging population that can create manpower shortage and therefore depict on the capacity of ensuring a good social welfare. The tertiary migrant should not be assimilated to refugees, asylum seeker, business visitors and other categories of international migrants.

- Foreign Direct investment

Foreign direct investment (FDI) is the means of internationalization of firms. They consist of purchases of corporate securities by non-resident agents in order to obtain "lasting interest and the ability to exert influence in management". They may take the form of a business start-up, the purchase of an existing business, or a simple equity investment in a company, provided that it holds decision-making power effective in management.

It is a transnational investment made by an investor of a foreign economy in order to establish a lasting interest in a business located in another economy than he own (OECD, 2008). The holder of foreign capital settles in the new country in the long term and his participation in the operation of the enterprise in which he is invested must be considerable so that he may hold at least 10% of the voting rights to the board of directors. This ability to influence the firm's decision is the main distinguishing feature of portfolio investment ideas.

## **2.2 Related literature**

The migration-development nexus has been, over the years, at the centre of serious debate shifting from far developmentalist optimism to neo-Marxist pessimism and landing to a more optimistic perspective (H. D. Haas 2010). But the debate that was then primarily oriented on migrant receiving society is now



also focused on the sending society. Thus scholars nowadays question the contribution of migrants to the development of host and sending country.

- *Migration, remittances and FDI: for the development of home country*

For long, on the sending country's perspective, the positive effect of migration was perceptible on the return of migrant who had to bring back money and the knowhow learned abroad in order to fuel the development. Later on the MIRAB model (Migration, Remittances, Aid, and Bureaucracy) of Bretram and Watters systematized the relationship between migration and development and introduced a new element important to sustain the families back home; remittances (Watters 1987). It is perceived as a more effective instrument of economic growth and development (Jones, 1984). It is suggested that remittances are an important source of income for Senegalese families and the whole country (Sander et Barro 2007). According to a report on the forum on investment and employment published in 2003, the volume of remittances from the Senegalese Diaspora amounted to 270 million dollars. An amount valued in 2017 at \$ 2.2 billion, making Senegalese Diaspora the first provider of remittances in the Franc zone. Cameroon is also a beneficiary of remittances. The World Bank in 2015 estimated to \$245 million the remittances from Cameroonian Diaspora against \$23 million dollars in 1990. Remittances do not only represent additional income for families but also allow the importation of factors production that are not present in the local market.

Many trade theories have acknowledged the importance of migration in connection with the mobility of factors of production across the borders. The Stopler-Samuelson theorem (1941) and the Ricardo-Vinner Model, on a subtle manner tackled the question. These theories posit that migration solve the labor shortage in abundant factor economies and curb unemployment in labor abundant economies. Migration therefore helped many labor abundant European countries to solve the issue of unemployment (H. D. Haas 2010).

Foreign Direct investment falls within the framework of the mobility of factors. Business investment abroad generally occurs when the benefits of the relocation of production exceed the funds allocated to maintain existing markets. The cost of delocalization of MNEs is generally confined to construction of infrastructures whereas the information cost allowing the investor to be set on the business environment in the host country should also be taken into consideration.

Using statistical techniques, Bhattacharya Utpal and Groznik Peter (Utpal et Groznik 2003), in their studies of migration in US and the outflow of American FDI, assert that there is a positive correlation between the size of a Diaspora in the US and the direct and indirect US's Investment in the countries where migrants originate from. Using the salad bowl hypothesis the authors indicates that the foreign investments of US abroad do not take that much into consideration the linguistic similarities, the geographical proximity or the religious similarities with a given foreign country. It is rather US investments abroad that are "positively affected by the size of the immigrant group from that country living in the United States".

Irene Fensore (Fensore 2016) shares the same conclusion when she poses that immigration positively affects outgoing FDI stocks. She bases her arguments on the fact that immigrants reduce informational asymmetries. And that this effect is highly significant when it comes to highly-educated immigrants and for country pairs who have a larger ancestral distance.

David Leblang (Leblang, Another link in the chain: Migrant Network and international investment 2009), Kirsten Schüttler (Schüttler 2007) and Bettina Schulte (Schulte 2008) think that Diaspora network can drive foreign direct investment. In effect according to these authors, the presence of a Diaspora community in a foreign country can influence the choice of businessmen to allocate their capital abroad. This postulate relies on the one hand on the reduction of information asymmetries whereby the Diaspora community will inform their foreign counterpart on the business opportunities in home country, the business facilities offered by the government, the taste of the local consumers. All these information prevent the investor from spending more money in travelling or hiring and expertise for that purpose. On the other hand they rely on creation of cultural linkages that helps the foreigner to better connect with the local realities of a given country. The familiarity that Diaspora network may create in host country through cultural links may impact the foreign investor as he may no longer have the perception of going in an unknown and strange destination.

On another perspective, Paulo Bastos and Joana Silva (Bastos et Silva 2012), touching the topic on the economic and international trade scope, assert that migrants play a significant role in alleviating the informal trade barriers between countries. Their contribution is more significant when informational asymmetries are more pronounced as they help in fostering relations between

host and origin country. The authors defend the position according to which the higher the migrant stock the greater the likelihood of export participation. Migrant networks are an important source of market and firm-specific heterogeneity in entry costs and demand as such a common language and colonial ties increase both the number of exporters and the average exports per firm.

Min Ye, on her part, using the example of Chinese and Indian network explains that if in the case of China the migrant network played a key role by contributing significantly as providers of FDI and helping the Government to create incentives and policies to attract FDI, the case of India is quite different as Indian migrants constituted breach between their countries and investors. Since the country had a technology oriented policy, it was therefore easy for Indians working in the sector abroad to be of great help in participating in the development of local companies.

The presence of migrants foster the integration of home country into global economy by attracting FDI explain Beata S. Javorcik, Çağlar Özden, Mariana Spatareanu and Constantinescu Neagu (Javorcik, Özde, et al. 2011). In their study they came to the conclusion that there is a positive correlation between the presence of ethnic groups and the attraction of FDI in home country. Using the whole sample of migrants in US they emphasize on the determinant correlation of migrants with at least college level.

On a more general perspective, studies on the factors of attractiveness of FDI in sub-Saharan Africa fail to take into consideration the migration factor. What matters in most of the cases as demonstrated statistical data is the institutional arrangement and the natural resources coupled with the market size (E. Asiedu 2006).

#### - Migration, remittances and FDI: threat to home country

Other authors rather than analyzing the presence of migrant networks as having a positive correlation with FDI flows in home country, instead emphasize on the effect of migrants and FDI in host country. Meaning that instead of driving FDI from host to home country, migrants drive FDI from home to host country. They argue that migrant stock in the country attract Foreign Direct Investment from home country (Foad 2012), by so doing they negate a possible positive correlation between migrant stock and FDI in home country perspective.

In addition, the idea of remittances having a positive impact on the development of home country is challenged by some scholars who demonstrate that the funds sent by migrants create dependency of families (Profitos 2009) and do not target the wellbeing of the community but instead that of the family. It is argued that remittances are generally channeled to solve punctual problems such as illness or marriage cases occurring in the family. It can affect the economy negatively as it is proven that in the long-run remittances can hamper the competitiveness of the economy (Azam et Gubert 2005). These postulates therefore aim at negating the positive impact of migration on the development of home country and thus rebuking any possible positive correlation between migration and FDI.

## Chapter 3. CAMEROON FACING THE CHALLENGE OF INTERNATIONAL MIGRATION: THE STATE OF PLAY

### 3.1 Introduction

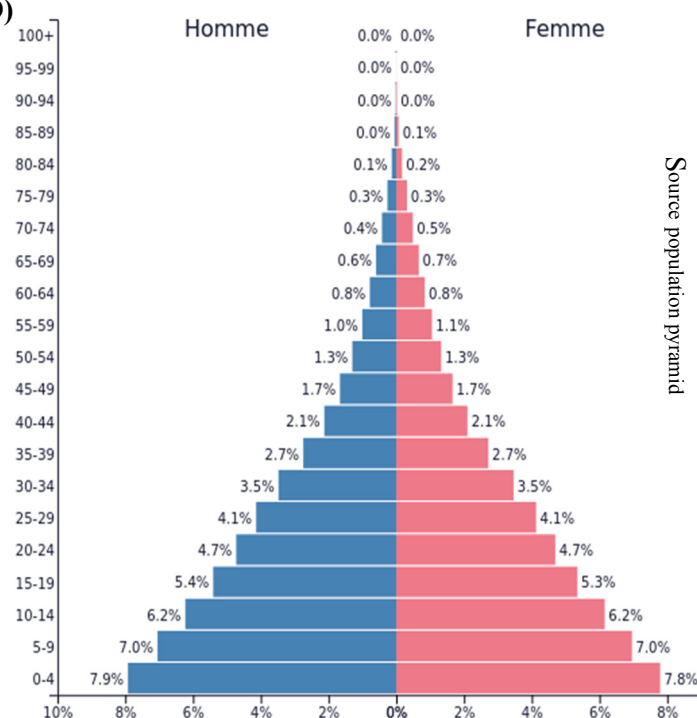
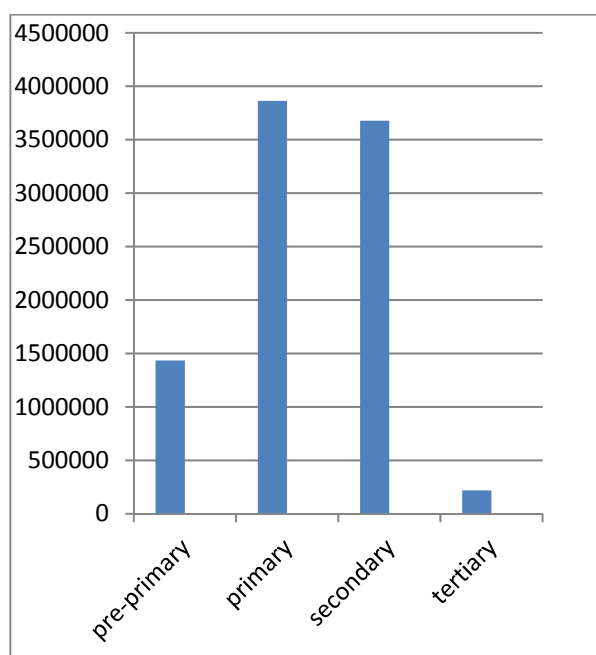
While Cameroon seems to be losing its attractiveness considering the decline of the number of immigrants over the years, the number of Cameroonian emigrants is on the rise (IOM 2009). This rise is characterized by a shift towards tertiary migrants. OECD countries appear to be the more solicited destinations as the choice of the destination denotes of the profile of the migrant (2) and the reason behind the choice (3) compared with other CEMAC countries (4). Emigration from Cameroon is determined by local contingences (1).

### 3.2 Overview of Cameroonian emigration

Cameroon is a country situated in central Africa sharing its borders with Nigeria in the west, in the north by Chad, in the east by Central Africa Republic, in the south by Gabon, Congo and Equatorial Guinea. The country is also open to the Atlantic Ocean and is known to be Africa in miniature due to its rich diversity. It comprises more than 24.5 million inhabitants scattered over 475 440 km<sup>2</sup> unequally distributed in the 10 regions. The country thanks to its colonial legacy is bilingual with French and English as official languages of equal value.

More than half of Cameroonian population is below the age of 30 and the literacy rate is evaluated to 75%.

**Graph 1 Enrolment of student by level (UNESCO)**



**Graph 2 2017 age pyramid in Cameroon**

Cameroon is an agriculture based (cocoa, coffee, banana, cotton...) lower middle-income country endowed with many natural resources and subject to the fluctuations of world market price. It is bilingual country (French and English) thanks to its colonial past and enjoys a human, cultural and geographic diversity that gives it the name of Africa in miniature.

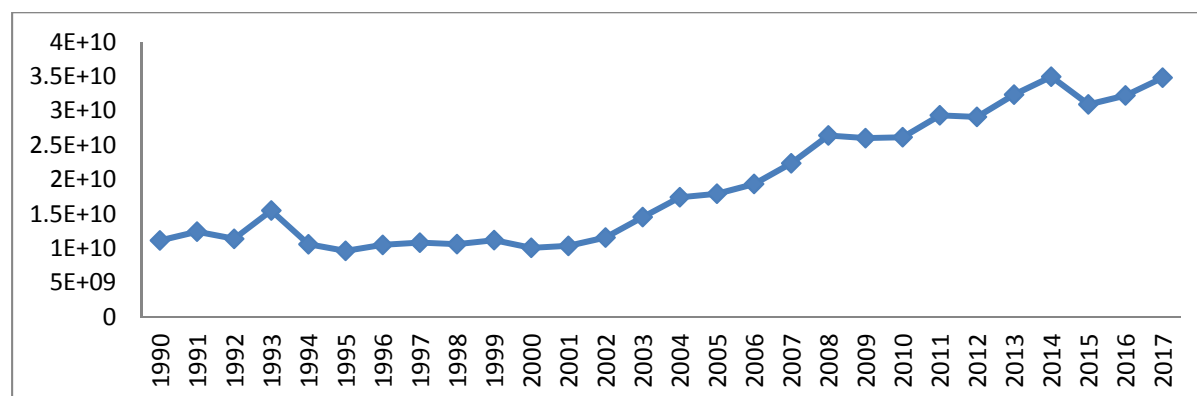
**Table 1 Fast facts of Cameroon**

Indicators	Figures
Surface	475 440 km <sup>2</sup>
Population (million)	24.5
Life expectancy	58 years
GDP (Current billion US\$)	34.80
GDP Per Capita (US\$)	1.503
GDP Growth (market price)	3.2%
GNI	1.360
Poverty head ratio	37.5%
Persona remittances (million US\$)	278
FDI inflows (million US\$)	672
Net Migration (thousand) (equals to number of immigrants minus the number of emigrants)	-24

Source : WDI

After a relative prosperous 70 and early 80 decade marked by the state interventionism in the economic sector and the profit from exploitation of oil, Cameroon couldn't resist the economic crisis that shook the world in the mid 80's and 90's, the country fell in recession and the devaluation of CFA came to exacerbate the situation. The solution to remain stable was to reach out to Bretton Woods institutions and accept the conditionalities attached to its financial support. This episode came to an end mid 2000 decade when the country achieved the HIPC initiative.

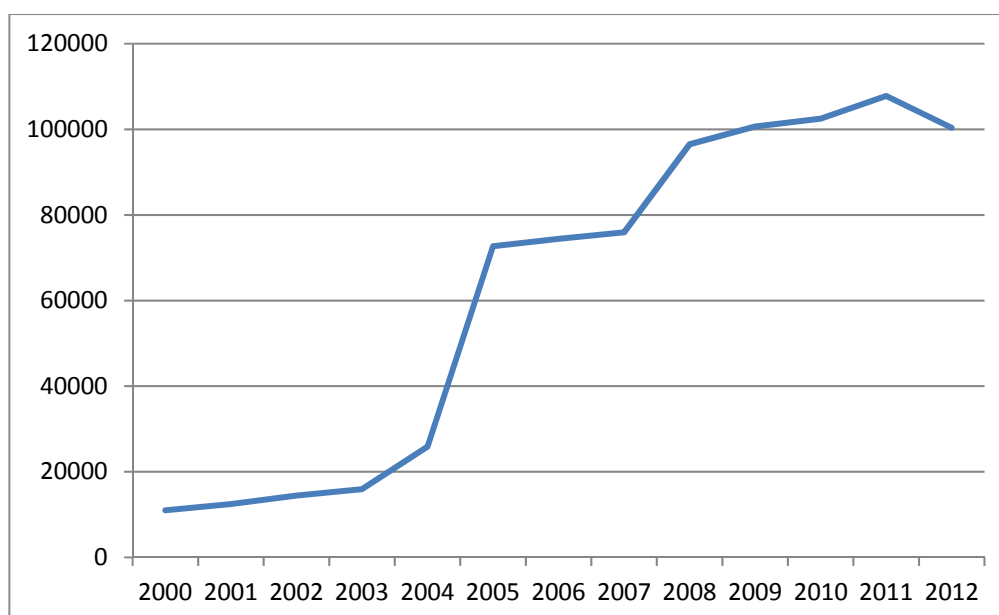
**Graph 3 Evolution of GDP 1990-2016 (computed by author)**



### 3.3 Factors of migration

Migration is a major aspect of the socio-economic dynamics of developing countries with an intensification of the phenomenon due to scientific and technological progress. Africa is among the most affected regions. It is not only an immigration destination for citizens of other continents but it is primarily a supplier of emigrants who move for various reasons. Among the emigrants are Cameroonians, characterized by a peculiar profile depending on the host countries.

**Graph 4 Annual evolution of Cameroonian Migrants 2000-2012**



A survey conducted in 2007 by the National Institute for Statistics, reveals that 72% of Cameroonian emigrants between 2001 and 2007 were between 14 and 34 years old, demonstrating the youthfulness of the Cameroonian candidates to emigration. The profile of Cameroonian migrants is essentially related to the choice of the host country as the reasons of their presence in African countries do not generally match to those justifying their presence in Americas or Europe.

### 3.4 Profile of Cameroonian emigrants in Africa

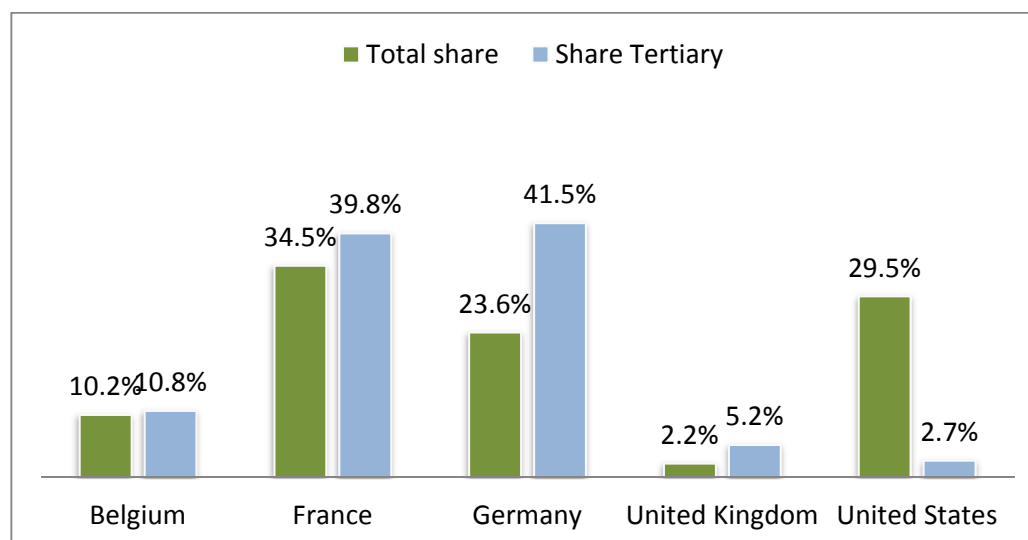
Cameroonian emigrants in Africa are mostly from low-income families because it is easier to migrate to countries in the vicinity than to migrate to very distant countries. This situation allows us to first consider for this precise category that economic reasons support their displacement. It is therefore easy for them to go to countries where the factors of production are more abundant in order to find jobs. This is precisely the case of Cameroonians who settled in Gabon, Equatorial Guinea and Chad after the discovery and the beginning of

exploitation of black gold, likewise in Nigeria and even Ghana. Another characteristic of Cameroonian migrants present in Africa is their level of education. The socio-economic condition of the families from which they belong generally constitutes a brake on their studies. In this respect, it appears that the majority of these categories have a level of education at most equal to the primary school (Lekeumo 2007).

### 3.5 Cameroon intellectual elite in developed countries: tertiary migrants

The second category of Cameroonian migrants belongs to those who choose a destination other than Africa for instance Europe and America. Roy's model (Roy 1951), concerning the choice of destination by migrants, asserts that the expected incomes of an individual, compared to what he had back home, reflects his skills and education level. Thus higher education students will chose to emigrate in high income distribution countries. That is case for Cameroonian tertiary emigrants censured mostly in developed countries whose number is increasing significantly compared to other categories of migrants for instance in 2000, 17% of Cameroonian population with a higher education level emigrated (Docquier et Marfouk 2006)

**Graph 5 Percentage of tertiary migrants to total migrants in selected countries (UNESCO)**



The graph above illustrates the increasing number of tertiary migrant among the Cameroonian community leaving in sample countries. In the case of Germany hosting the greatest number of Cameroonian tertiary emigrants for example, twenty-two thousand, three hundred and twenty (22320) Cameroonians were recorded as residing in Germany by the German Federal Statistical Office. Out of this number, six-thousand, three hundred and one (6301) representing 28%



were currently regularly registered in a higher institute of learning. Thus with comparison to others sub-Saharan countries, Cameroon emerges to be the first tertiary university student Diaspora and second sender of 20-30 years old migrants.

It should be recalled, moreover, that migrating is expensive as it is easier to migrate to neighboring countries than to very distant countries. The consequence of this posit is that candidates for emigration to Europe and the Americas come from relatively economically stable families and for the great majority have the pursuit of higher education or specialization as a reason for travel (Lekeumo 2007).

The above postulates do not however elude the fact that among the Cameroonian emigrants in Europe and America are adventurers, economic migrants or candidates for family reunion. However, we want to emphasize that among the members of the Cameroonian Diaspora in these destinations, over the years, there is an increase in the number of students compared to the other above mentioned categories.

### **3.6 Major destinations of Cameroon tertiary emigrants**

Some authors have questioned the choice of destination of Cameroonian scholars and linked it to language, culture, the colonial past among others. In the Cameroonian context we note a special attraction for France, Germany, Canada, England and USA.

France is the primary destination of Cameroonians in Europe. Their presence in this country could be justified by the colonial past between the two countries that generated cultural and linguistic rapprochement. It must be remembered that after the defeat of the Reich in World War I, Cameroon, beneath United Nations trusteeship, was placed under the double protectorate of France and Great-Britain. This period was marked by the division of Cameroon into two; on the one hand, eastern Cameroon administered by France where French was the predominant language and, on the other hand, western Cameroon administered by Britain where English was mostly spoken. Although after independence and thanks to the reunification of 1972 this system was abandoned in favor of bilingualism, it remains that this reality persisted. It is therefore easier and almost obvious for French-speaking Cameroonians to emigrate to Francophone-speaking and specifically to France. This reality could also be applied to Anglophone Cameroonians who are more likely to migrate in English-speaking

countries. The colonial attraction is overridden by linguistic attraction considering the condition of admission into Western university.

In France the admission of non-students in French universities requires the presentation of an attestation of French language proficiency. This proficiency test, instituted since 2004, is called Test pour les Etudes en France (TEF). It evaluates the listening, speaking and writing proficiency of the postulant. The candidate is required to score 14/20 to be admitted into the university.

For the case of English university, the same procedure is required as the command of English is approved when the student presents the certificate of Test Of English as a Foreign Language (TOEFL) or Test Of English for International communication (TOEIC) for US universities and International English Language Testing System (IELTS).

For both systems Cameroonians have comparative advantage depending on whether they have studied in either the French or the English subsystem of Education as for the former and the latter French and English are qualified as mother tongue or native language. Therefore it is obvious that Cameroonians, graduates from francophone subsystem of education, will migrate either to France, Belgium or Suisse among others and their peers from the Anglophone subsystem to England, USA, and Norway Canada among others.

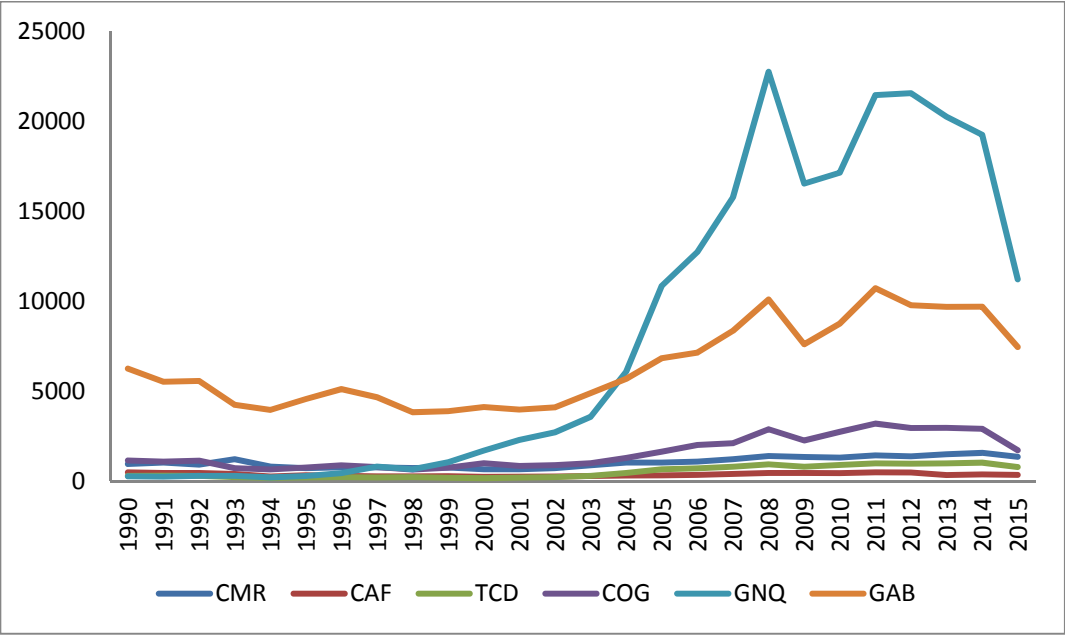
This language proficiency requirement also applies in the case of German Universities. Here students must submit either the Deutsch Als Sprache or the Deutsche Sprachprüfung den Hochschulzugang in order to prove their ability to understand the basics of German language. Though Cameroon was colonized by Germany at a point of its history, the German is not a spoken language. Therefore students willing to immigrate to Germany must do an extra effort to study the language in an appropriate center, and undergo the test. The period of language learning is six months minimum and generally requires a non negligible amount of money. We can presume from the figure in the above table that Germany has a particularity that attracts Cameroonian students as they represent the biggest stock of Cameroonian tertiary migrants in the world.

### **3.7 Cameroon in CEMAC: comparison of tertiary migrant stocks**

Likewise Cameroon, migration affects the other countries of the CEMAC sub-region. Though the west remains the main destination for most of the countries of the region, it is important to note that due to political and economic instability intra sub-regional migration appears to be a non negligible option. This is the

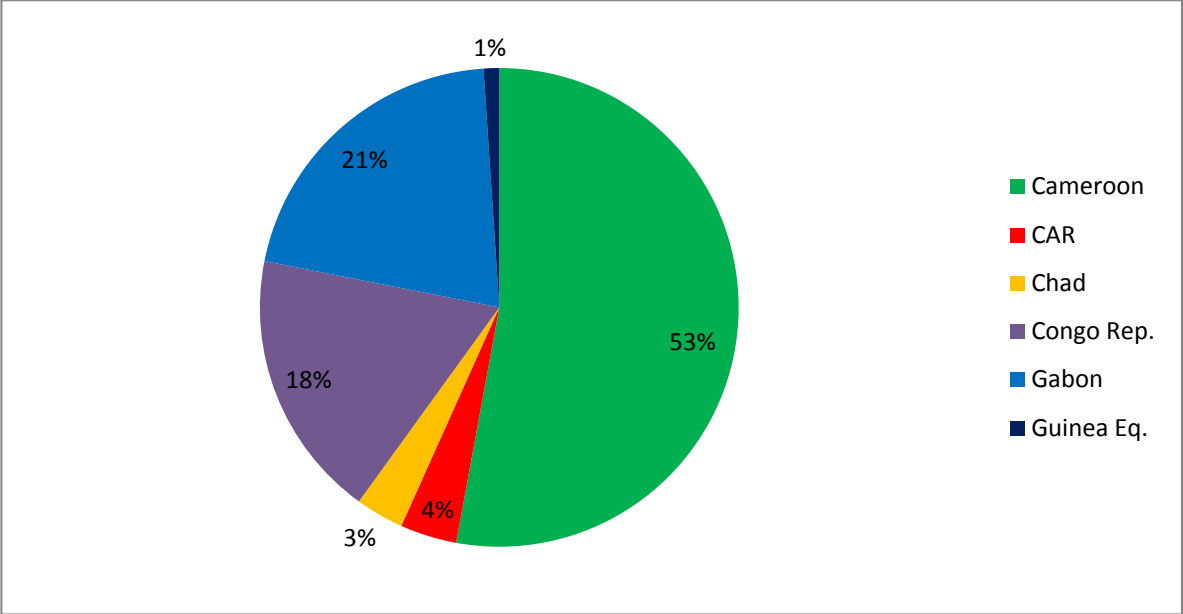
case, for example, of the Central African Republic, one of the poorest countries in the world. Its per capita income does not allow its citizens to migrate to western countries compared to other countries like Gabon. Chad is similar case to that of Central Africa Republic. This country has gone through many political struggles marked by military coups and rebellions. Its economy is largely based on agriculture and crude oil exploitation; the latter being among the top sources of state income. The literacy rate of the population between 15 and 24 years is 30.79% with female population lagging behind and more than 5 million of population aged 15 and above considered as illiterate (UNESCO). Less than 10% of eligible youth effectively participate in the tertiary education as the sector is less developed with a marginal government spending in education sector. The poor education system therefore pushes some Chadians as well as Central Africans to migrate in neighboring countries enjoying political stability and a better educational system. As far Equatorial Guinea, Gabon and Congo are concerned, they enjoy a relative economic prosperity and political stability. Their populations are more educated than that of the two countries mention above. Congo has a literacy rate of 88% for youths aged between 15 and 24 years. The literacy rate of Gabon is similar to that of Congo and Equatorial Guinea records 98%. This could make presume that the number of tertiary migrant could be proportional in terms of repartition to the literacy rate in each country. The number of diplomatic mission abroad could be also an indicator or incentive of the presence of migrants abroad. In this regard it appears that among these countries Gabon for example has 52 diplomatic mission and consular post, while Central African Republic has only 17, Chad 29 and 32 for Equatorial Guinea. There is significant high density of Equatoguinean and Gabonese populations in the West compared to Chadians and Central Africans. This could be explained by the literacy rate and the standard of living that can be measured by per capita income and average wages. The size of the market determined by the total population and the per capita income are generally used to determine the wealth or prosperity of a country. In this regard, the World Bank ranks Chad and the Central African Republic among low-income economies, Congo in Lower-Middle income economies and Gabon and Equatorial Guinea in the category of Upper-middle-Income economies. These could also be indicators of the ease of citizens of these respective countries to travel abroad and precisely in Europe and America.

Graph 6 Per capita income of CEMAC countries (WDI)



Though classify among lower middle income economies Cameroon is nevertheless the first provider of international migrants and precisely tertiary migrants from the region in the OECD countries. The graph below show the distribution of CEMAC tertiary migrants in sample countries for instance in France, Germany, USA, Great Britain, Switzerland and Belgium.

Graph 7 Share of migrants of each CEMAC country (WDI)



The low stock of equatorial Guineans in this table is justify by the fact that this country being Portuguese speaking its population will rather migrate in countries where Spanish or a similar languages are spoken and in this case Spain and Portugal. If we stick to the reasoning of the authors mentioned in the literature review then we could laconically conclude that since Cameroon in the CEMAC sub region represents the first provider of tertiary migrants.

## **Chapter 4.        MIGRATION POSSIBLE TRIGGER OF FOREIGN DIRECT INVESTMENT**

### **4.1 Introduction**

The success of Indian and Chinese industrialization based on the massive influx of Foreign Direct Investment from developed countries, particularly Europe and the United States, has changed the African perception with regard to this mod of financing that was earlier qualified by a certain elite as neocolonialist. FDI has become a major concern in Africa and specifically in Cameroon. It now appears in public policies, discourses and campaign programs of political parties seeking a presidential term. But the relocation of companies or better the mobility of capital across borders is not fortuitous because motivated by the specific benefits of companies that aspire to maximize their profit in the place of relocation. Though Cameroon beneficiate from this manner (1) its share compare to other CEMAC member countries deserves to be scrutinized (2).

### **4.2 Allocation of FDI to Cameroon**

The importance of FDI as a mean of funding is demonstrated by the increasing trend it has recorded in the past years for instance passing from \$US 202 billion in 1990 to \$US 1450 billion in 2015. It is unequally distributed among regions and countries; for instance of the 54% share of developing countries, Africa takes a marginal share of only 4%. However despite this, the continent has recorded an increase of transnational capital flow that worth it the qualifier of hot spot of FDI by UNCTAD (UNCTAD 2013). This may be justify by the six times multiplication of flows during the 2010 decade, from \$US7.2 billion in 2000 to \$US 40 billion in 2010, far above remittances and public aid combined (BM 2014). The FDI flow in CEMAC is following the same trend. It rose from \$US 3197 million in 1990 to \$US 9694 million in 2014 although only representing less than 0.5% of global flows. The increase in the sub-Region was significant as from 1999 with the privatization of state companies and investments in telecommunication sector and more importantly the construction of the Chad-Cameroon pipeline.

### **4.3 The nexus Migration-FDI rooted in social construction**

There is no exact temporary marker of the beginning of the existing link between migration and FDI in Cameroon. However, the years 60s could be taken as markers for it represent the acquisition of international legal personality by Cameroon. In effect the issue of managing the states affairs after the independence motivated the French colonial masters to create unconsciously a

tertiary migrant community in order to ensure a smooth continuity of the administration of the territory. Scholarship programs meant to upgrade the skills of future administrators were offered to young Cameroonians in French institutions among which the ENFOM (Ecole Nationale de la France d'Outre-Mer). Many prominent Cameroonian leaders such as Paul Biya (Second President of Cameroon) graduated from this school.

Originally the school was created to solve the lack of qualified personnel in Cambodia when the latter was under French protectorate. Africans will eventually be associated with Cambodians and will again balanced admission thanks to the 1956 law. In its evolution, ENFOM will take turns the denominations of Institute of the High Studies of Overseas (IHEOM) then International Institute of Public Administration (IIAP) to finally become in 2002 the National School of Administration (ENA).

Schooling at ENA lasts an average of three years, giving students the opportunity to socialize in the French elitist environment and create strong links consolidated by alumni networks constituted in specific batch. This helped in facilitating the implantation of new French firms such like CHOCOCAM seizing the opportunity of the vacuum in the industry of cocoa transformation. These types of networks were also present in UK, US, Switzerland and Germany.

Germany indeed is characterized by the dynamism of Cameroonian Diaspora that organizes on annual basis activities putting Cameroon in the spotlight of German investors. One of those is the Cameroonian challenge of Germany which is a cultural event initiated by the association of Cameroonian professionals under the banner of the Embassy of Cameroon in the FRG. It is an opportunity to sell the dynamism of Cameroon and break the barriers to encourage the Germans to invest in Cameroon. The results of this propaganda is the facilitation of fieldtrips and meetings with Cameroonian business community as it is often done by some associations of skilled workers for instance the association of Cameroonian engineers and computer scientists (VKII) and that of Cameroonian doctors (*Camfomedics*) all composed mainly of former students of German Universities.

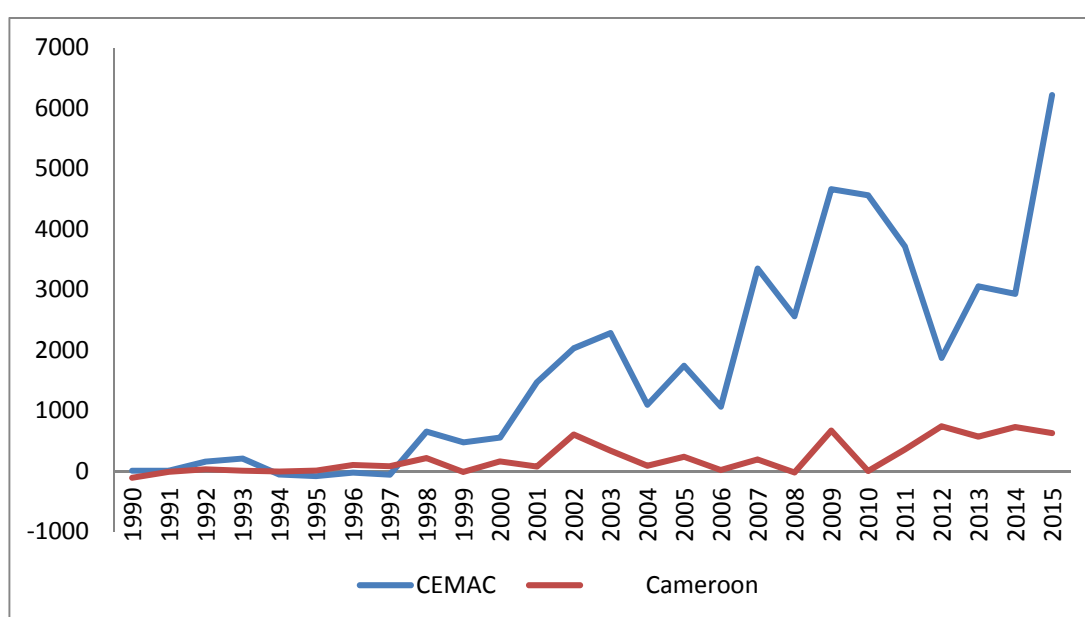
#### **4.4 FDI and Migration stock: the share of Cameroon in CEMAC**

Cameroon represents 40% of CEMAC's GDP in 2005 (WIR, 2005), and 65% of the total population of the sub-Region. Inward FDI flow are generated mainly by France, Germany, Belgium, US, UK, Italy and China. Long perceived as the preserve of French investors due to colonial past, Cameroon is progressively

opening to other countries like USA that realized the importance of the Gulf of Guinea oil reservoir and its geostrategic position. Albeit the above the country remains a marginal destination for foreign direct investment with only 7% of FDI sub-Regional share.

In effect the inflow of FDI in Cameroon is fluctuating in line with world economy and national contingencies. The 2000s, corresponding to the achievement of the HIPC initiative, the privatization of some state-owned companies and the construction of the pipeline Chad-Cameroon, marked the period of great FDI inflow into Cameroon.

**Graph 8 Share of FDI to Cameroon in CEMAC (OECD, WDI)**



The peak was attained in 2009 with USD 740 million, in the aftermath of the 2008 social crisis. In 2012 inflows amounted to USD 507 million, a total of 108.6% growth compared to 2011. The economic department of the Embassy of France to Cameroon is caution concerning these figures. Rather than putting it in the chapter of inflows increase, it links the relative boom of FDI to the recession consecutive to the crisis that shook the region and that mechanically increased the ratio of FDI to GDP.

FDI come from specific countries among which France. Previously confined to the oil sector, French FDI withdrew very little from this activity to embrace other sectors and refocus their investment in companies that they held in the past. Tertiary sector has therefore become the new destination for French investments,



with construction, trade and distribution, banking and transport and related activities, representing for 63% of French FDI stocks in 2012.

China is also one of the direct investment providers in Cameroon. The share of Chinese FDI gradually increased over time. China is involved in the construction of infrastructure related to the structuring projects including Douala-Yaoundé and Yaoundé-Nsimalen motorway, the deep water port of Kribi, the Memvele dam and many others. China is also present in the mining sector through Sinosteel. According to the Cooperation Directorate of the Ministry of Economy, China has carved in 2014, 67% of FDI in Cameroon.

**Table 2 Main FDI providers (UNCTAD)**

<b>Reporting economy</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Belgium	-	-	-	-	-	-	-	-	218	-1 527	184	110
China	-	-	6	7	8	16	19	20	25	60	62	80
Denmark	-	-	-	-	9	13	20	19	19	18	17	18
France	196	336	650	635	399	536	821	967	127	160	185	545
Germany	3	8	-	-	-	-	-	-	-	-	-	-
India	-	-	-	-	-	-	-	-	-	3	12	6
Italy	-	-	-	-	-	-	46	17	11	13	15	-
Korea, Republic of	1	1	1	1	1	1	1	1	1	1	-	-
Morocco	-	-	-	-	-	-	1	8	2	2	31	-
Netherlands	-	-	-	-	-	62	79	73	66	71	-	46
Norway	-	-	-	-	-	-	-	-	-	-	1	-
United States	148	135	242	264	122	114	73	68	185	194	192	203

US FDI inflow to Cameroon is considerable and targets mainly sectors requiring an intensive capital for instance petroleum, chemicals energy. Meanwhile the number of US affiliates is smaller than that of France. In a year interval (2002-2003) the stock of us FDI in Cameroon recorded a 32% increase. This increase could have its roots from the acquisition of 51% of the national electricity company SONEL by the group AES which invested \$US 69 million in 2001.

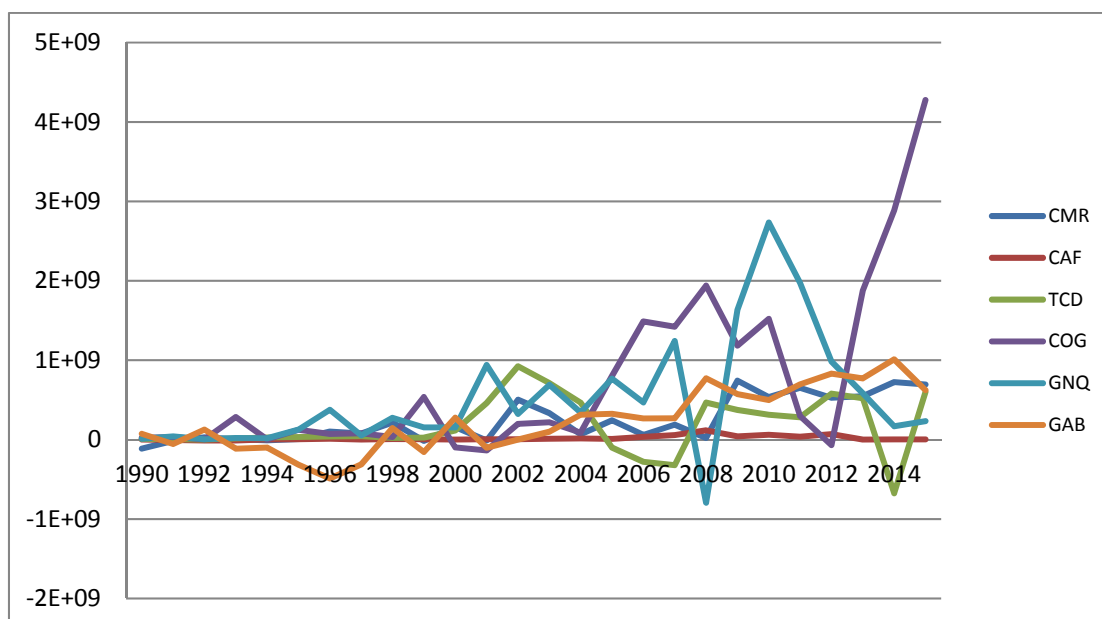
Foreign Direct Investment in Cameroon targets primarily the extractive industry. But the service sector and precisely the banking holds a key position. In the table below is a repertoire companies with foreign participation.

**Table 3 Multinationals by countries present in Cameroon (Ministry of Industry)**

France	Great Britain	USA	Germany	China
<ul style="list-style-type: none"> <li>- Perenco</li> <li>- Cie fruitière</li> <li>- Bolloré,</li> <li>- Vilgrain,</li> <li>- Castel</li> <li>- Rougier et Pasquet,</li> <li>- Lafarge,</li> <li>- CFAO/Laborex,</li> <li>- Vinci/Sogea-Satom,</li> <li>- Fayat/Razel,</li> <li>- Bouygues,</li> <li>- CMA-CGM,</li> <li>- Société générale,</li> <li>- BPCE,</li> <li>- Axa,</li> <li>- Orange,</li> <li>- Super U,</li> <li>- Score,</li> <li>- Total</li> <li>- Allianz...</li> </ul>	<ul style="list-style-type: none"> <li>- Guinness</li> <li>- Standard Chartered</li> <li>- Actis-Eneo</li> <li>- Solevo</li> <li>- CDC</li> <li>- City bank</li> </ul>	<ul style="list-style-type: none"> <li>- Colgate</li> <li>- Palmolive</li> <li>- Oil Lybia,</li> <li>- Texaco</li> <li>- Hilton</li> </ul>	<ul style="list-style-type: none"> <li>- Gmbh</li> <li>- Hoechst</li> </ul>	<ul style="list-style-type: none"> <li>- China Communication const comp Cameroon</li> <li>- China first highway engineering</li> <li>- China interwater and electric cooperation</li> <li>- China road and bridge cooperation</li> <li>- Huawei</li> <li>- Hueya</li> <li>- Hebei</li> <li>- Sinosteel...</li> </ul>

Gabon represents one of the CEMAC countries with the highest per capita income. Endowed with many natural resources such as oil and wood, Gabon attracts FDI. In its history this country witnessed a disinvestment period influenced by the introduction of democracy into the political arrangement and the fall of the price of raw material. But the situation became a little stable early 2000 as in 2004 the FDI inflows was valued 20% of the gross formation of fixed capital. Since its independence in the 60s Gabon seems to have France as its major partner as the highest share of FDI comes from that country

**Graph 9 FDI inflows to CEMAC by member countries (OECD, WDI, UNCTAD)**

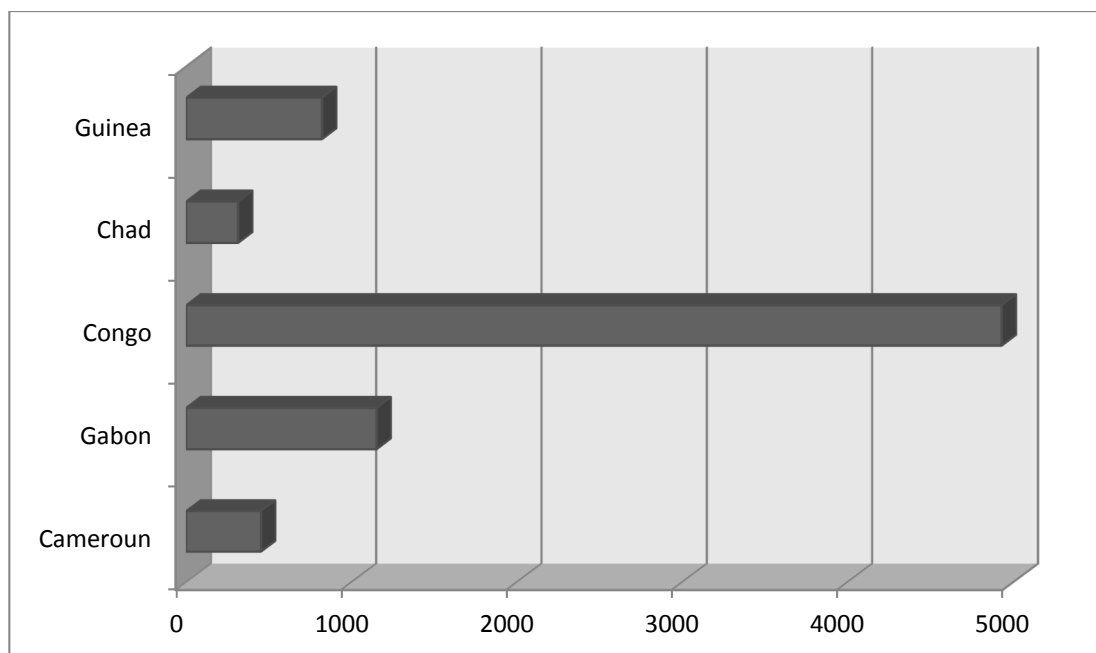


In Equatorial Guinea we can observe a very low investment of French capital and a disinvestment as from 2006. The US is also present in the country attracted by the exploitation of crude oil.

Congo is also a reservoir of FDI in the sub region attracting countries like France, Belgium and USA. Chad and Central Africa Republic due the instability attract relatively low capital.

In all these case we should emphasize on the arrival of a new actor in the region: China. The Chinese FDI in the CEMAC region is increasing over the years. New comer in the market China is trying to catch up with the other powers present in the region for some since the colonial period.

**Graph 10 Share of FDI by country (OECD, UNCTAD)**



On a general note when we look into the statistics of the UNCTAD it appears that Cameroon though having the most vibrant economy of the region does not attract that much FDI and therefore is not the first destination of this form of funding in the region.

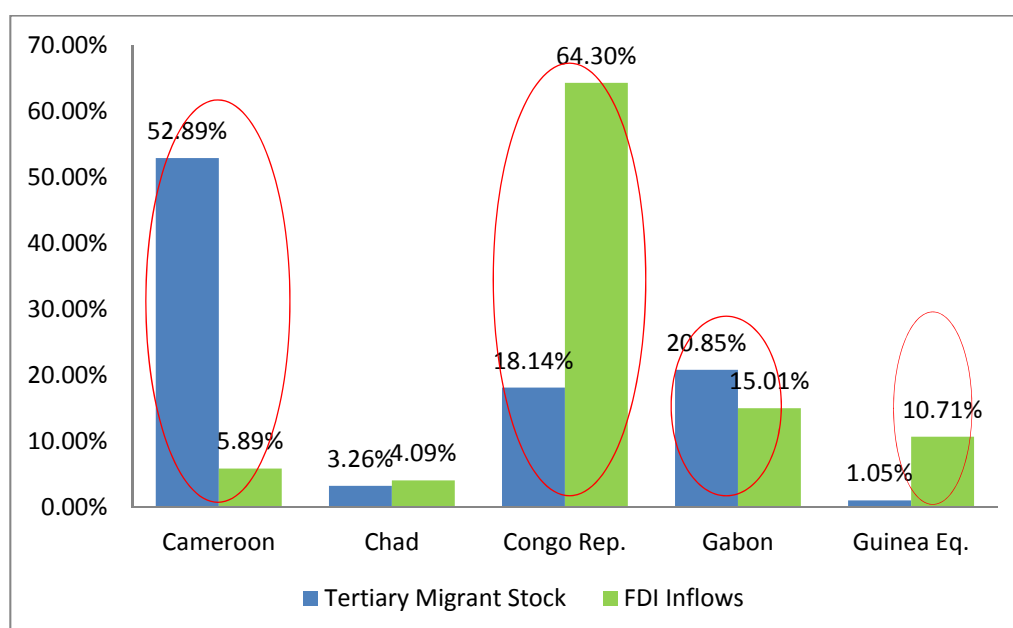
**Table 4 Ranking of emigrant provider and FDI receiver**

Country	Emigrant ranking	FDI ranking
Cameroon	1 <sup>st</sup>	4 <sup>th</sup>
Gabon	2 <sup>nd</sup>	2 <sup>nd</sup>
Congo	3 <sup>rd</sup>	1 <sup>st</sup>
Chad	4 <sup>th</sup>	5 <sup>th</sup>
Equatorial Guinea	5 <sup>th</sup>	3 <sup>rd</sup>

The upstream array reflects a data crossover of tertiary migrants in OECD countries and the FDI coming from these countries. At the observation it appears that Cameroon is the overall provider of tertiary emigrants with 52.8% of the total stock. Then Gabon comes Second with 20.8% and the Republic of Congo third with 18.14%. Considering this distribution of share, scholars like Leblang could conclude that the FDI distribution in this sub-Region would follow the above ranking. But the table gives another indication.

The holder of the biggest share of FDI in the region is the Republic of Congo with 64.3% of the total share contrasting with its third position occupied at the level of emigration. The second FDI beneficiary is Gabon with a share of 15.01%. Cameroon comes 4<sup>th</sup> with only 5.8% of the total FDI inflow in the sub-region behind Equatorial Guinea which is 3<sup>rd</sup> with 10%. The latter is interesting for Equatorial Guinea holds the lowest stock of emigrants representing just a little more than 1% but still is ahead of Cameroon. The score of Cameroon is not far from that of Chad which is 4.09% with 3.26% of emigrants accounting.

**Graph 11 Comparison of migration stock to FDI flow in CEMAC (WDI, UNESCO, OECD)**



## **Chapter 5.        EMPIRICAL ANALYSIS: THE EFFECTS OF MIGRATION ON FDI INFLOW**

### **5.1 Introduction**

In the presence of poor formal institutions, the role of Diaspora networks in enhancing international exchange and thus FDI mobility is said to be detrimental as some scholars attempted to demonstrate the importance of these networks (Greif 1989). A network could be understood as a group of actors linked by specific ties and who can share characteristics. Granovetter, in his strength and weak ties theories, concluded that the more people are familiar the more their social lap will overlap enabling them to have the same third parties through bridging ties. This assumption is applicable in cross-border economic exchanges whereby the existence of migrant networks is proven to reduce the constraints imposed by the asymmetry of information, facilitate familiarity and reduce transaction costs. In the cases of the Indian, Chinese and even Korean Diasporas, authors have proven that the strong link of familiarity between these communities to their country of origin played a key role in channeling both financial and technological development back home. It is questioned whether the same is true for the Cameroonian community present in the OECD countries. To get suitable and convincing answer to this assumption scientific approach recommends the use of method of analysis which is commonly used in confirming or infirming hypothesis tested. A method is thus also a tool of prediction of the outcome of a situation or a social phenomenon. In social science, many approaches of research could be used falling under either the qualitative or the quantitative methods. The latter will be at the center of this chapter.

### **5.2 The approach**

For a research to bear a scientific character, it should respond to a certain conventional design recognized and accepted by the academia. It is at the foundation of data collection. Research design consist of the organization of a research project in order to “ensure that the evidence obtained enables [] to answer the initial question as unambiguously as possible” (What is research design). In the course of this work the descriptive design shall be employed with an emphasis put on observation and correlation.

Collecting data generally requires the mobilization of time and at time money. To be achieve the goals set in this study regarding the time constrain, secondary data will be used. It is nevertheless important to stress that, since the study is focus on a developing country of sub-Saharan Africa it is difficult to collect data as most of countries of this region have a poor statistical data base. The World Bank Data will be our major data source as well as the UNCTAD and UNESCO statistics.

As far as the observation method is concerned, two phenomena come into action in two deferent environments: FDI and migration in CEMAC and FDI and migration in Cameroon. Based on collected data it is possible to attempt to understand which of the actors receive the most FDI from specific. Using the total stock of individual countries migrants in OECD countries, it is possible to compare which of the countries has the biggest stock. After worth, crossing the migration stock with the total FDI can help in identifying if in the studied case the holder of the biggest stock of migrants is actually the holder of biggest stock of FDI. The observation method does not explain the causation link therefore the correlation method will come into action.

On the part of correlation our dependent variable for instance FDI will be confronted to other independent variables among which migration in order to test the hypothesis by determining whether emigrants do influence the inflows of FDI; in one word find the correlation between dependent and independent variables.

### **5.3 Data**

The data utilized in the course of our work is mainly secondary data. Official websites of specialized institutions were mainly selected for the trustfulness of the data. In this regard, for the economic data pertaining to economic indicator and trade volume, the World Bank Development indicators as well as the UNCTAD website were utilized. The latter is particularly important in measuring the volume of trade and the FDI inflow though the OECD website also provides insightful information. For data related to population and migration, the OECD website was utilized alongside UNESCO, UNDESA and CEMAC data base. UNESCO specially provides information related to the stock of CEMAC tertiary migrants in OECD. The IOM and UNHCR data base helps also to access the mobility of citizens from CEMAC member countries. The data base is a source to determine international migration flows.

#### 5.4 Procedure

Several surveys have been conducted in the past on large multinational firms to determine the most important factors taken into account during offshoring. On this basis economic and political stability, market size, profits repatriation, regulatory environment and growth were several times cited by firms as essentially influencing the choice of the country in which to settle in a study conducted by A.T. Kearney's. The same was true for the Japanese companies interviewed by the World Bank, which added to these five elements the cost of labor. To these factors, migrant's network was included by some scholars who conducted studies and on the basis of the statistic result obtained from different regression models came to the conclusion of the strong impact of migrants with an emphasis on tertiary migrants as influencing the choice of relocating MNEs. However the studies were directed towards Asian emerging nations such as China, India, Turkey and Korea, voluntarily ignoring the African continent.

In previous studies, the gravitational model was used in measuring regional flows of goods across a group of countries. This model was enriched in an attempt to identify factors that could help developing countries to attract more foreign direct investment. The current form applied to flows between two given destinations, depends on the supply, demand and resistance. This produces the following basic gravitational trade model where  $X$  represents trade flows,  $Y$  is the gross domestic product,  $N$  is the size of the population,  $D$  is the geographical distance, and  $P$  is the gravitational factor:

$$X_{ij} = \beta_1 Y_i \beta_2 Y_j \beta_3 P_{ij} / \beta_4 N_i \beta_5 N_j \beta_6 D_{ij}$$

Based on the above, in this study, the model retained is a more enriched form of the original. Instead of trade between two countries or two regions, we retain the flow of foreign direct investment that goes from a given region ( $P_o$ ), in this case the OECD, to another group of countries which is CEMAC ( $p_c$ ). In addition to the distance we integrate the stock of migrants to the OECD countries. Apart from these replaced variables, GDP is maintained as indicated in the basic formula to represent the market size as well as the population. The model is enriched by certain economic and institutional variables that make it possible to credit the business climate and the quality of institutions. These will be: Natural Resources (NATRE), Labor Force (LabFo), Remittance (Remit), tertiary migrants (TMGT). Thus, after linearization in logarithmic form, the initial model is as follows:

$$\begin{aligned} \ln(FDI) = & \beta_0 + \beta_1 \ln(Popit) + \beta_2 \ln(MGT) + \beta_3 \ln(TMGT) \\ & + \beta_4 \ln(LabFo) + \beta_5 \ln(Remit) + \beta_6 \ln(NATRE) \end{aligned}$$

## 5.5 The variables object of our study

The variables concerned in this study are of two types:

### 5.5.1 Dependent variable

The variable that will be explained here is FDI represented as  $\ln(FDI)$  whereby  $i$  represents the OECD countries providing foreign direct investment in CEMAC countries. On the other hand,  $j$  represents the receiver or beneficiary of foreign direct investment and in first place Cameroon. And  $t$  is the time frame used in our study.

### 5.5.2 Independent variables

These set of variable are use to test the dependent variable. They are:

- The Gross Domestic Product is an instrument of measurement of the size of the market. It helps the foreign investor to size the market and to make projection on the purchasing power of inhabitants. The market size can attract investors.
- The active population is also included and it helps in identifying the workforce present in Cameroon. The correlation is expected to be positive as investors generally prefer to settle where the labor is abundant in order to reduce the production cost as there is competition among workers.
- Natural resources constitute the sum of the raw material exported. We suppose that when the country is highly endowed with natural resources it is more likely to attract FDI as the presence of many investors in the region is suspected to be justified by the need of accessing natural resources rather that delocalizing firms. The results here are expected to be positive.
- The tertiary migrant stock is generally said to drive more foreign direct investment. It is therefore used here as an indicator of the high profile of the migrants that can enable them to be in contact with investors. The foreign remittances can determine the financial capability of the Diaspora network and may lead to presuming that if remittances are high therefore FDI will be high for the remittances can make presume of the entrepreneurial mindset. The result expected here is positive.
- The labor force helps also to evaluate whether the job market has enough workers that can participate in the production of wealth. When the labor force is abundant the competitiveness is high. Corruption helps in measure the business environment whether it is suitable for doing business free from administrative bias.



- The total migrant stock gives indication on the number of migrants from particular home country present in host country. According to the assumption of authors, the higher the stock, the higher the FDI inflow. The result expected is therefore positive.
- The remittances constitute the private flow that migrants channel to their respective families. It indicates the contributive power of the Diaspora. The result expected here is positive as strong remittance can make presume of the financial ease of the senders and thus their ability to meet with investors.

**Table 5 Recapitulation of prediction**

Variables	Expectations	Back-up
Total Migrants stocks	(+)	(Schüttler 2007) (Schulte 2008)
Tertiary migrants inflow	(+)	(Javorcik, Özde, et al. 2011)
Remittances	(+)	(Anyanwu 2011)
Natural resources	(+)	(NGOUHOUO 2008)
Gross Domestic Product	(+)	(Demirhan et Masca 2008)
Labor force	(-)	(Chidlow et Young 2008)
Population	(+)	(Kilgore, Joseph et & Metersky 2007)

## 5.6 Results

**Table 6 Regression 1**

Variable	Coef.	t-statistic
<b>Dependent variable: lnFDI</b>		
lnGDP	-.3918434	-.1.61
lnMGT	-.1054541	-0.28
lnTMGT	-.892081	-2.05**
lnLabFo	-6.879576	-1.62
lnPop	1.103513	2.47**
lnRemit	.6936449	2.85***
lnNATRE	.7310002	1.76
<b>R<sup>2</sup>: 0.2938</b> <b>Adj. R<sup>2</sup>: 0.2279</b> *significant at 10% level **significant at 5% level ***significant at 1% level		

The regression of the relation between independent variables and FDI are presented in the above table. It presents a R<sup>2</sup> of 29% confidence. The results of the correlation between these variables and the dependent variable FDI can be apprehended as follows:

- Of all the variables only three are significant when all combined together namely ln migration, ln population and ln remittances.
- Remittance is positively correlated to FDI. When the former increases by 1 unit the latter also increases by 110% meaning that it is significant at 1% in explaining FDI. Some scholars have proven that remittances improve the financial risk of a country and rating. Thus the higher the remittances the more the trust in the financial system of the country as the foreign reserve increase. The result is the improvement if the country's capacity to borrow at low cost in the international market (Anyanwu 2011)
- Population is also a significant variable at 5% in this table and has a positive correlation with FDI for when it increases at 1 unit, FDI increases at 110%. This could find an explanation based on studies done on India that gave confidence index to that country based on its big market size (Kilgore, Joseph et & Metersky 2007) and was later confirmed by another study that established a positive correlation between population and FDI (Aziz 2012).
- Tertiary migrant is significant at 5% but has a negative effect on FDI for instance when it increases at 1% FDI decreases at 89%. This result is contrasting the general assumption on studies of the nexus migration and FDI that clearly establish a positive correlation between the two. In a study carried on the migrants presents in the USA it is revealed that the relation is stronger when the migrants have at least a college level (Javorcik, Özden, et al. s.d.)
- The others variables are not correlated with FDI and therefore cannot explain the inflow of FDI in the sub-region. The result is contrary to the abundant literature pertaining to this topic which finds a positive impact of migrant stocks on FDI. The result suggests that migrants present abroad do not influence the choice of investors in choosing the location where to invest as it is the case for China or India.

Based on the above result demonstrating the influence of some variables on FDI, others regression were ran with the elimination of some variables that could have had a great influence on the result.

**Table 7 Regression 2**

Variable	Coef.	t-statistic
<b>Dependent variable: lnFDI</b>		
lnMGT	.2173226	-0.89
lnTMGT	-.2122431	-1.04
lnRemit	.2869544	1.67*
lnNATRE	.7642965	3.74***
<b>R<sup>2</sup>: 0.2288</b> <b>Adj. R<sup>2</sup>: 0.1893</b> *significant at 10% level **significant at 5% level ***significant at 1% level		

This table shows the combination of four variables with FDI which are natural resources, remittances tertiary migrants and total migrants. The results indicates that only natural resources in 1% significant with a positive correlation with the dependent variable as at 1 unit increase, FDI increases for 76%. Remittances show a 10% significance but with no correlation. The other variables do not affect FDI. This result is also going against the general assumption of positive correlation between migration and FDI. It drives on the path of a strong effect of natural resources as driver of FFDI in the sub-region.

Natural resource is strongly correlated in the presence of migration stock, tertiary migrants and remittances making therefore natural resources one of the main drivers of FDI in the sub-region (NGOUHOUO 2008). This could credit the thesis according to which FDI inflow in developing countries does not have as objective of settling in a long run perspective. Thus the more a country has natural resources the more this country attracts FDI as investors are interested in raw material. Most of countries of the sub-Region are rich in natural resources, important components for manufacturing industries. These resources are mainly extracted and sent abroad for transformation. That is generally perceptible in political discourses when government official complain that countries of the region produce what can't be consumed locally for instance natural resources. The region is not technologically fit to transform the raw material. The economic crisis and currency devaluation were as a result of the drop of the price of raw material in the international market.

**Table 8 Regression 3**

Variable	Coef.	t-statistic
<b>Dependent variable: lnFDI</b>		
lnMGT	.6198324	2.20**
lnTMGT	-.9465289	-2.96***
lnLabFo	-.8.581251	-3.02***
lnPop	.6869162	1.89**
lnGDP	.0378755	0.19
<b>R<sup>2</sup>: 0.1940</b> <b>Adj. R<sup>2</sup>: 0.1416</b> *significant at 10% level **significant at 5% level ***significant at 1% level		

The last table of regression describes a positive correlation of migration stock with FDI with 5% significance when it is combined with GDP tertiary migration and labor force. The result is same for tertiary migrants but with a negative correlation and 1% significance. This result is similar to that of labor force, meaning that when tertiary migrant and labor force increase the flow of FDI decreases. The population also has a positive effect on FDI in this association. But the weakness of the table relies on the low percentage of the R<sup>2</sup>.

**Table 9 Correlation matrix table**

	lnFDI	lnGDP	lnPop	lnNATRE	lnTMGT	lnMGT	lnRemit	lnLabFo
lnFDI	<b>1</b>							
lnGDP	<b>0.0477</b>	<b>1</b>						
lnPop	<b>0.2532</b>	<b>0.2022</b>	<b>1</b>					
lnNATRE	<b>0.4316</b>	<b>0.0945</b>	<b>-0.6331</b>	<b>1</b>				
lnTMGT	<b>-0.1536</b>	<b>0.6025*</b>	<b>0.3765</b>	<b>-0.1815</b>	<b>1</b>			
lnMGT	<b>-0.0804</b>	<b>0.5534</b>	<b>0.3583</b>	<b>-0.1521</b>	<b>0.7797*</b>	<b>1</b>		
lnRemit	<b>0.0561</b>	<b>0.7014</b>	<b>0.0733</b>	<b>-0.0153</b>	<b>-0.7372</b>	<b>0.8313*</b>	<b>1</b>	
lnLabFo	<b>-0.3213</b>	<b>-0.1046</b>	<b>0.7874</b>	<b>-0.7376*</b>	<b>-0.0113</b>	<b>0.2501</b>	<b>-0.0391</b>	<b>1</b>

The above matrix correlation table indicates correlation between the different variables. It appears that there is not a strong link between FDI and the variables taken individually. In the contrary the variables related to international migration present a certain relation. It is for instance the case of tertiary migrants that relates well with remittances and migrant stocks. It the same for migrants stock that relate with tertiary migrants and remittances.

**Table 10 Summary of statistics**

<b>Variables</b>	<b>Obs</b>	<b>Mean</b>	<b>Std. Dev.</b>	<b>Min</b>	<b>Max</b>
<b>lnFDI</b>	85	1.215106	1.479554	-3.823218	4.164867
<b>lnMGT</b>	96	7.47937	1.182015	5.517453	9.793729
<b>lnTMGT</b>	94	7.488463	1.169003	5.799093	9.880225
<b>lnNATRE</b>	96	3.082146	.7231046	1.818602	4.096363
<b>lnPop</b>	96	15.21735	1.072792	13.32828	16.94378
<b>lnGDP</b>	96	22.68662	1.026198	20.63389	24.27698
<b>lnRemit</b>	96	16.26967	1.544905	13.97805	19.46082
<b>lnLabFo</b>	96	4.165728	1.415802	3.905019	4.349051

## **5.7 Explanation of the non correlation of migrants and tertiary migrants**

In the presence of poor formal institutions, the role of Diaspora networks in enhancing international exchange and thus FDI mobility is said to be detrimental as some scholars attempted to demonstrate the importance of these networks (Greif 1989). A network could be understood as a group of actors linked by specific ties and who can share characteristics. Granovetter, in his strength and weak ties theories, concluded that the more people are familiar the more their social lap will overlap enabling them to have the same third parties through bridging ties. This assumption is applicable in cross-border economic exchanges whereby the existence of migrant networks is proven to reduce the constraints imposed by the asymmetry of information, facilitate familiarity and reduce transaction costs of. In the cases of the Indian, Chinese and even Korean Diasporas, authors have proven that the strong link of familiarity between these communities to their country of origin played a key role in channeling both financial and technological development back home. It is questioned whether the same is true for the Cameroonian community present in the OECD countries.

### **5.7.1 The exclusion of naturalized citizens**

The case of Cameroon is quite interesting. Its Diaspora seems disconnected from home country. Many reasons could justify this disconnection and lack of interest toward home affairs. The law N° 1968-L-F of June 11, 1968 of the nationality

code in Cameroon states in its chapter 4 consecrates the exclusivity of Cameroonian nationality. It goes further précisant that any Cameroonian who has the civil majority and acquires or conserves a foreign nationality loses immediately the Cameroonian nationality. The case is that most of Cameroonians in OECD countries, in order to benefit from the favors given to nationals of their host countries have acquired the nationality. This disposition creates an exclusion of this category who, at a point of time, does not identify itself to the motherland. The law of 1968 is more explicit when it indicates in its section 34 that a Cameroonian who loses the nationality is free from any allegiance and engagement vis-à-vis the nation. However Cameroonian migrants who have achieved abroad are holders of foreign passport. For the case of Germany for example, between 1980 and 2000 more than 6500 Cameroonians acquired the German nationality. According to the German Federal Office for Statistics, the number of naturalized Cameroonians is on the rise, estimated at 140 in the year 2000 it has increased to 1000 in yearly in 2013. Cameroonian naturalized can be found in higher spheres in Germany and can therefore easily reach the holders of investments.

### **5.7.2 Migrant networks as pressure groups**

Many Cameroonians abroad have constituted themselves into political pressure groups opposing the government. Organized into associations having links with political parties back home the pressure groups defend their interests at higher levels in the host country. For example at the approach of the 2004 presidential election in Cameroon the code and its allies pressured the European Union to focus one of its sessions on the human rights situation in Cameroon. The same year a group of Cameroonian activists visited the Commonwealth headquarters and submitting a certain number of requests to the authorities in charge. These series of protestations had as result the modification of the electoral code awarding the right to vote to holders of Cameroonian nationality living abroad. Beyond the success or the positive repercussion that such actions could have in the internal political arrangement, it is important to note that it depicts on the image of the country. For instance during protestation gatherings, Cameroonians use all arguments possible to convince the host country on the relevance of their action. Influenced by the political culture of the host country, they demonize the home country. All these messages are perceived by foreign investors who therefore express certain reticence in transferring their capital in Cameroon. Moreover, since the pressure groups are generally opposing the regime, they do not have any interest in channeling FDI in the country. In addition their

participation or action as network to facilitate the transfer of FDI could send wrong signal to the authorities who will therefore actively rebuke their action.

The mere presence of migrants in a foreign country does not guaranty the reduction of asymmetries of information. The network should have a strong connection with home country in order to be constantly informed of the situation prevailing. Moreover the Diaspora network can be a danger for FDI flow when it is actively engaged into political struggles. Therefore instead of giving right information to investors it might be tempted to distort it in order to harm the establishment ruling.

## **Chapter 6. CONCLUSION**

In recent years, developing countries have recognized both the importance of the Diaspora and the major role that foreign direct investment could play in growth. Thus, they multiplied strategies to integrate these two factors into their strategies in order to combat unemployment, accumulate foreign exchange reserves and develop their industries. Throughout this demonstration, we kept in the background the question of the impact of Cameroonian migrants in the attraction of foreign direct investment by assuming on the basis of previous studies that there is indeed a positive relationship between these components. As the leading provider of migrants in OECD countries, Cameroon should therefore be the primary beneficiary of this source of funding.

This study has therefore tried hard to show that the case of Cameroon is specific because, although being the first provider of migrants, Cameroon is not the first beneficiary of FDI in the sub-region. Intrigued by this result, the second step of the study was oriented towards understanding the pull factors of FDI in the region which revealed that in the sub-region natural resources are the main trigger of FDI.

Chapter one of this study was devoted to the general introduction. here the setting has been set by setting the framework for the study, the problem to guide the study and the expected results at the end. the major concepts appearing in the study have been described in particular those of migration and migrants according to organizations such as the UN and the OECD. In addition, the related literature has been revisited and, in a quasi-consensual manner, the finding reached is that of unanimity among researchers on a positive relationship between migration and foreign direct investment in which the former positively influences the latter.

Chapter two reviewed the state of the migration scene in Cameroon, distinguishing between tertiary and other categories of migrants. It shows that there is a strong Cameroonian community in the OECD countries. France is the first destination and Germany is the first of the tertiary sector. Also the motivation governing the choice of destinations was also at the center of attentions. In a degenerate way it has been realized that the ember of Cameroon emigrants is ascending, especially that of the students. In addition, by making a comparison with the other countries of the CEMAC, the observation of the numerical domination of the Cameroonian Diaspora has been established.



In a comparative study in chapter 3, Cameroon's share of the overall flow of FDI in the region was noted by noting that CEMAC's share is insignificant compared to other regional groupings in developing countries. Although representing 65% of the global population of the sub-region and alone mobilizing 40% of GDP, Cameroon remains a marginal destination in the sub-region ranking fourth in terms of the attractiveness of foreign investment. The construction of networks of tertiary migrants was also evoked, summoning the colonial period as the foundation for the creation of such a network.

Finally, faced with the incongruity of the results obtained, which contrasted with the previous studies mentioned in the literature review, the attractiveness factors of the region as a whole were discussed, the case of Cameroon being unable to be treated significantly in singleton. Against all odds it appeared that the attractiveness of the sub-region is driven by the important raw material which it abounds, which is exported to the Asian countries where they are transformed and marketed in the world. The hypothesis of a positive influence of Cameroonian migrants in the allocation of IDE could not finally be proved.

we can thus affirm in the light of the foregoing that on the one hand Cameroon is the first provider of migrants in OECD among the CEMAC countries, on the other hand these migrants do not have a great influence on the decisions of the holders of capital as the country is not well off in terms of the attractiveness of FDI in the region, a situation that deserves remediation for migrants to be useful to home country.

In that connection, Cameroon should opt for a policy of openness towards its Diaspora by revisiting the nationality code in favor of a dual citizenship that would keep the patriotic flame alive. Expanding its diplomatic map and creating consular chambers could contribute in maintaining the connection with home country. Among the missions of Consular post as decline in the Vienna convention regulating consular relations, the management of citizen in host country and granting of consular protection hold an important place. By managing Cameroonians in important world capital, the consular post could raise their awareness on the role they could play in the development process of the country. The consular chamber could enable the migrants and also investors to remain in contact with business information of hoe country.

The creation of a National Board for Migration could also be an attempt of solution. Presently, the Ministry of External Relations has a Department of Cameroonians abroad, foreigner in Cameroon and migration issue. Though it is

charged in connection with the embassies to ensure the wellbeing of Cameroonians abroad, it has not included the economic aspect. The National Board of Cameroonians Abroad could be a cross competent administration dealing with the coordination of the action of the Diaspora and drafting the strategy for an effective participation in home affairs. The Board could also be charged in briefing or teaching candidates to migration on basic aspect of conduct abroad in order for them to portray a good image abroad. The Board could be comprised of experts from the ministries of Foreign Affairs, Justice, Economy, Social Affairs, Small and Medium Size Enterprises, Industry Mine and Technological Development and Trade with the mission of following the Diaspora and drafting inclusive policies for its participation to the growth.

The migrants' role could also be significant if this category is associated in decision making in the country. This association could be declined by awarding to the Diaspora a seat in the parliament. Giving them a seat will put them at the center of drafting rules and regulation that can help in driving investment. The migrants are excluded in the decision making process. Their role and importance is not well assessed by decision makers as they are just assimilated to providers of remittances and pressure groups. They better master the techniques and mind sets of foreign investors and therefore can easily predict actions. A seat in parliament will further increase the capital confidence of investors who will give more attention to their views.

Cameroonian authorities should provide access to information both to Diaspora and to foreign investors relative to the business environment in home country. This could be declined by the creation of a social network platform to coordinate the action of the Cameroonian community abroad. The provision of information could also be done through the organization of fieldtrips to Cameroon targeting migrants and potential investors. This would help Cameroonian business men to link with migrant who will therefore get to know the priority sectors that could necessitate the delocalization of capital. Provide Access to Information.

As far as the migrants are concerned, they can also take important steps to make their stay abroad profitable to home country by creating strong networks capable to influence business milieus. One of the actions could be the creation of a professional network as it was the case of Australia in 2002. This network could be divided into continental scope with representation in countries. It could be the case of network of professionals of ICTs and sciences. The creation of such

networks makes it easy to share information and prepare action plan to conquer business grounds.

The migrants should be exemplary citizens. It is true that the businessmen generally rely on information gather through official channels such diplomatic missions or specialized ministries. But for some case they prefer information coming from citizens as they do believe that these citizens don't have any interest in disguising the truth. However during past years the Cameroonian Diaspora has been shining in Europe by leading contestation movements against the regime in power, painting a bitter image of the country. That is generally the case at the eve of every major national events whereby the Diaspora protest for many reasons among which he violation of human rights, authoritarianism, dictatorship just to name this few. But as Elizabeth Asiedu points it, these elements are very detrimental when MNEs envisage delocalization abroad. Such campaigns or strong protestations give a very bad signal to investors who give credit to such information.

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## 초록

운송 비용의 절감과 정보에 대한 용이한 접근은 사람들이 한 곳에서 다른 곳으로 이동하는 경향을 증가시켜 개발 도상국에서 선진국에 이르기까지 국제적인 국제 이주 경향을 증폭시켰다. 아프리카는 이주민이 주로 공급되는 지역 중 하나이다. 해당 지역 사회는 세계에서 가장 많은 이동을 보이고 있다. 경제, 정치, 기후문제 및 분쟁에서 벗어나 경제적 번영과 정치적 안정을 찾아 주로 유럽으로 이주한다.

수십 년 동안 많은 연구자들이 이주의 파급 효과로 인해 해당 국가에게 사회 경제적 안정성에 유해한 현상을 강조하면서 이주가 두뇌 유출과 연관 되어왔다. 그러나 이러한 비관적인 견해는 이민자들이 출생국에 기여하는 낙관적인 요소를 고려하면 출생국의 발전에 기여한 것을 알 수 있다. 예를 들어 송금 및 외국인 직접 투자와 같은 재정적 기여는 경제 성장과 모국의 산업 변형을 저해하는 유동성의 희소성을 해결하는 데 중요한 역할을 한다.

외국인 직접 투자 (FDI)에 관한 한, 많은 학자들은 이주자와 정확하게 이주하는 나라가 외국인 직접 투자의 유입 국가에 긍정적인 영향을 미친다고 주장하면서 이주와 외국인 투자의 긍정적인 상관 관계를 증명하였다. 비록 관련되었지만 대부분이 아시아 국가들을 대상으로 한 기존 연구들은 아프리카 국가들, 정확하게는 사하라 이남 국가들을, 고려하지 않은 연구였다.

본 연구의 목표는 중앙아프리카 경제 공동체 (CEMAC) 지역의 국가인 카메룬의 상황을 평가하기 위해 상대적 질적 방법론을 사용하여이 기존연구의 한계로 인해 채우지 못한 공백을 채우는 것이다. 수집된 데이터를 분석 한 결과, 해당 경제공동체에서 카메룬이 이민자의 주요 공급자인 것으로 나타났고 이러한 이유로 경제적 공동체의 다른 회원국에 비해 외국인직접투자를 우선으로 수령하는 국가로 예측하였다. 그러나 양적 관측에서, 즉 CEMAC 에서 FDI 의 분포와 결과적으로 하위 지역의 FDI 의 주요 추진 요인을 이해하기위한 회귀 분석의 사용 했을시 전혀 다른 결과가 나왔다.

결론적으로, 아시아와 같은 세계의 다른 지역과 달리 해당 지역의 투자자들이 천연 자원에 관심을 갖게됨에 따라 외국으로의 이민이 FDI 의 동인이되지 못한다는 것이 드러났다.

## **Acknowledgements**

“To all those whose hope for a better life has been drowned in the cold waters of seas, engulfed in the hot sands of deserts and buried under the moist vegetation of forests on the migratory routes.”